

RICHARD F. TIMMONS
PRESIDENT
AMERICAN SHORT LINE AND REGIONAL RAILROAD ASSOCIATION
50 F STREET, N.W., SUITE 7020
WASHINGTON, D.C. 20001-1564
(202-585-3442)

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SURFACE TRANSPORTATION
BOARD

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OFFICE OF CHAIRMAN
BUTTREY

The Honorable W. Douglas Buttrey
Chairman
Surface Transportation Board
1925 K Street, N.W., Suite 810
Washington, D.C. 20423-0001

July 18, 2006


Dear Chairman Buttrey:

This letter is in response to your letter of June 28, 2006 concerning Railroad Service Demands. As a general statement the Class II and III railroads have continued to improve service and enhance capacity through equipment, facilities and infrastructure investments. Over the past year this has been augmented by expenditures made possible by the Short Line federal tax credit. As a result of the tax credit an additional \$100 million has been invested by the Short Lines in their systems. This level of financial commitment to infrastructure is expected to continue through 2007. The tax credit program has proven to be so successful and beneficial to the small railroad industry that we have been encouraged to extend the program for another 3 years. This project is legislatively underway.

More specifically, I surveyed key Short Lines that are engaged in port and terminal operations and significant interchange with the class I railroads. All reported that they do not anticipate congestion, delays or interruptions at any time during the remainder of this year, so long as the Class I's maintain their service schedules. In fact, there may be slightly more capacity this year due to a variety of economic factors. The responders all elaborated on a range of initiatives they have taken that will enhance operations and expedite service to customers. And, as you are well aware the Short Lines are close to and in continuous dialogue with their customers concerning service, potential interruptions and measures they are pursuing to insure that freight movement is not only timely, but that commodities are fully accounted for in real time.

I have attached characteristic letter responses from Short Lines for your review. If I may be of further help please contact me at 202-585-3440, or email rttimmons@aslrta.org.

Respectfully,



Richard F. Timmons

Enclosures